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TABLE OF CONTENTS

GEOGRAPHY	1
DEMOGRAPHICS	2
ECONOMIC OVERVIEW	3
World Bank Economic Assessment	3
POLITICAL OVERVIEW	6
TRADE POLICY	7
HOUSING CONDITIONS	8
Overview	8
HOUSING SECTOR	10
Overview	10
Relevant Regulatory Systems	10
Housing as a National Priority	10
Key Housing Market Institutions	10
State of the Local Housing Market	11
MATERIALS, LABOUR AND FINANCING	13
Overview	13
Materials	13
Labour	13
Financing	13
HOUSING MARKET ACTIVITY, NEED AND DEMAND	15
Local Housing Market Activities	15
Housing Need	15
Factors Affecting the Demand for Housing	16
EXPORT OPPORTUNITIES AND STRATEGIES	17
Overview	17
Export Opportunities	17

Best Sales Prospects	18
Export Strategies	19
BUSINESS ENVIRONMENT	20
Overview	20
Business Customs	20
Business Infrastructure	20
Distribution and Sales Channels	20
Finding a Partner	20
Establishing an Office	20
Advertising and Trade Promotion	21
Pricing Products	21
Protecting Your Intellectual Property	21
Regulatory Issues	21
EDC Financial Risk Assessment	22
REFERENCES	23
CONTACTS	24

LIST OF TABLES

Table 1:	Demographic Indicators	2
Table 2:	Key Economic Indicators	3
Table 3:	Housing Conditions by Tenure Type, 1994	8
Table 4:	Distribution of the Housing Stock: Dwellings and Households, 1994 ...	9
Table 5:	Housing Quality Characteristics	9
Table 6:	Housing Investment 1990-94 (in million \$US)	10
Table 7:	New Housing Construction by Type of Developer	11
Table 8:	Costs and Size of Newly-Built Units, 1994	12
Table 9:	Structure of the Building Industry	13
Table 10:	House and Land Price* Dynamics in Vilnius 1993-96	15
Table 11:	Housing Costs in the Owner-occupied and Rental Sectors, 1994	16
Table 12:	Value of Canadian Building Material Exports, 1993-95 (in thousand \$)	17
Table 13:	Holidays	20

GEOGRAPHY

Lithuania is located in Eastern Europe, bordering the Baltic Sea, between Latvia and Russia. The total area is 65,200 km². Land boundaries total 1,273 km; shared with Belarus 502 km, Latvia 453 km, Poland 91 km, and Russia (Kaliningrad) 227 km.

Latvia's climate is maritime; with wet, moderate winters and summers. The terrain is lowland, with many scattered small lakes and fertile soil. The predominant natural resource is peat.

Environmental issues include the contamination of soil and ground water with petroleum products and chemicals at military bases.

Administratively, Lithuania is divided into 44 regions and 11 municipalities. Key industrial sectors include mining and agriculture, while tourism is common in coastal areas.



DEMOGRAPHICS

The population of Lithuania reached 3.7 million in 1995. Close to 2.5 million people (68 percent) live in the urban areas, while 1.2 million live in the rural areas. About 15 percent of the population lives in the capital city, Vilnius, while 11 percent live in Kaunas.

Twenty-three percent of the population is under 14 years; 65 percent is between 15-64 years; and 12 percent is 65 years and over. The population growth rate in 1994 was 0.71 percent. The birth rate was 14.46 births per 1,000 population while the death rate was 10.95 deaths per 1,000 population. The net migration rate was 3.62 migrants per 1,000 population. Demographic indicators are presented in Table 1.

The nationality is Lithuanian. Ethnic divisions include Lithuanian (80.1 percent), Russian (8.6 percent), Polish (7.7 percent), Byelorussian (1.5 percent), and other (2.1 percent). Religions include Roman Catholic and Lutheran. Languages

spoken include Lithuanian (the official language), Polish and Russian.

Table 1:
Demographic Indicators

Population (million)	3.713
Population Density (1994)	57.5 per km ²
Population by Age	
0-14	23%
15-64	65%
65+	12%
Literacy Rate	98%
Population Growth (% projection 1992-2000)	0.1
Urban Population (% of total, 1994)	68
Human Development Index (ranking out of 174 countries, 1992)	71
Sources: EIU, 1995; UNDP, 1995, WB, 1996	

ECONOMIC OVERVIEW

Since its independence in 1990, Lithuania has initiated the economic and political transition to a free market economy, including programs to eliminate price controls, restrain inflation, and privatize the economy. As a result, the economy is more liberalized, with less government intervention. Despite that, a series of price liberalizations and the opening up of previously sheltered markets, has led to the decline of industrial output. With GDP beginning to increase from 1994, tight fiscal policies have reduced inflation from 1,200 percent in 1992, to 35.7 percent in 1995, and 22.6 percent in 1996.

In April 1994, a currency board was established to control the monetary policy, though Lithuania is still recovering from a banking crisis. This board will be in place until September 1997, when Lithuania's three-year Extended Fund Facility agreement with the International Monetary Fund (IMF) expires.

Structural reforms have proceeded rapidly with respect to the privatization of small enterprises and agriculture. About 86 percent of all enterprises and 83 percent of state property included in the first round of privatization have been privatized, using vouchers and cash as the two major methods of payment. Large scale industrial privatization, on the other hand, has lagged due to the size and inefficiency of state enterprises. A second round of privatization is being implemented and includes 197 companies with a book value of LTL 300 million (\$75 million). Both Lithuanian and foreign investors are subject to the same conditions.

Economic reforms have created a dynamic import oriented private sector, generating 62 percent of total employment in 1994. However, total unemployment is on the rise reaching 7.9 percent in 1996. Lithuania's total foreign debt stands at US\$1.078 billion.

Foreign direct investment in Lithuania is approximately US\$359 million. Most foreign investors are from the European Union (EU direct investment is 62 percent of the total) and the Commonwealth of Independent States. As of April

1995, 834 subsidiaries and 295 representative offices of foreign firms had been established in Lithuania. The following table illustrates the key economic indicators in Lithuania.

**Table 2:
Key Economic Indicators**

	1994	1995	1996 (est.)
Real GDP (% growth)	2.0	3.5	0.00
GDP per capita (US\$ at Purchasing Power Parity [PPP])	3,380	4,043	N/A
Average Gross Monthly Wages (US\$)	117.4	166.7	N/A
Private Sector Share of GDP (%)	45	50	N/A
Unemployment Rate (%)	N/A	6.5	7.9
Inflation Rate (%)	45.0	35.7	22.6
Trade Balance (US\$ billion)	-326	-219	-290
Gross Debt (US\$ million)	N/A	866	1,078
Foreign Direct Investment (US\$ million)	310	359	N/A

Sources: EBRD, 1996; EIU, 1996a, 1995; ECE, 1996; WB, 1996

World Bank Economic Assessment

Upon independence, Lithuania was left with diverse remnants from 50 years of central planning and integration with the countries of the former Soviet Union and the Baltic region. During this period, Lithuania experienced rapid industrialization, developing major export industries in machine building, metal work, textiles, leather and wood processing, and agro-processing. Facilities previously designed to meet the large demand from the Soviet bloc are now characterized by over-capacity. Even though Lithuania does not have abundant natural resources, it has a highly skilled work-force and relatively well developed infrastructure.

Since independence, Lithuania has embarked on a reform program aimed at re-orienting its economy from a centrally planned economy to a

market-based system. Reforms began in 1990 in an environment of declining output and deteriorating terms of trade. Lithuania had one of the highest living standards in the former Soviet Union and the Baltics; however, GDP fell by more than 50 percent after independence imposing severe hardships on the population. Real GDP is recovering and rose by about 3 percent in 1995.

Lithuania's overall achievements to date are noteworthy. Despite rising fiscal pressures mainly due to restructuring in the banking sector, strict fiscal discipline has been maintained. Combined with tight credit and income policies, monthly inflation has been brought down to low single digit figures. Except for temporary price hikes related largely to energy price increases and the introduction of the value-added tax (VAT), inflation has remained in the range of 1-3 percent per month.

Lithuania's national currency, the litas, was introduced in 1993, and monetary policy since then has been tight. A currency board arrangement has been in place since April 1, 1994, with the litas pegged to the U.S. dollar at US\$0.25 per litas. Overall, the currency board eliminates discretionary monetary policy, creates a supportive environment for fiscal measures to be effective, and helps to consolidate and build on stabilization achievements.

Lithuania's current account (excluding official transfers) has shifted from a surplus of about US\$60 million in 1992, to a deficit of about US\$252 million in 1995, as external resources have become available to finance imports, partly for investment. A continuous shift toward trade in western markets has been occurring.

Moreover, enterprise reform and private sector development in Lithuania have been models of reform in some respects. The privatization program, initiated soon after independence, has been successful in transferring assets into private hands, with nearly all small businesses and some 60 percent of industrial enterprises privatized through a voucher program. In addition, a program of enterprise sales for cash has recently started. On the whole, new private sector activity is growing, and is absorbing a considerable number of the work-force. Despite this overall success in transferring ownership, however, continuing

efforts will be needed to make the overall regulatory and institutional environment more favourable to private sector activity.

The government is committed to the development of a balanced budget, efficient and an equitable social safety net. Poverty is increasing, particularly among the rural population in a country which was once accustomed to one of the higher living standards in the former Soviet Union. In response, the government intends to separate social assistance and social insurance programs. Authorities are completing the design of a new fiscally affordable pension system aimed at providing retirees with a pension which is sufficient to keep them out of poverty, while discouraging early retirement and the abuse of disability provisions. Unemployment insurance is being restructured in order to cope more effectively with the expected rise in open unemployment.

Based on reform achievements and its long-term goal of integration into the European Union, Lithuania's overall economic growth and development prospects appear good. Despite the risk that the stabilization process could be derailed, or that popular pressures could lead to backtracking on structural reforms, it seems likely that the present positive policy performance will continue. It is expected that real GDP growth will continue to improve, although adjustments in the banking industry are likely to dampen growth momentum. Growth is expected to stabilize at about 5 percent in the medium- and long-term.

Lithuania joined the World Bank in July 1992. Since then, the Bank's assistance to Lithuania has strongly supported the country's transition to a market economy. Bank-assisted projects have concentrated on reforms in key areas such as maintaining macro-economic stabilization measures to build investor confidence, reducing government involvement in business activities, and enforcing the basic legal tenets necessary for private activity. Moreover, the Bank is working with the government to strengthen key financial institutions to facilitate the appropriate provision of credit and movement of capital, as well as assist in re-orienting the social safety net, public services, infrastructure, and the energy sector to the needs of a market economy.

In October 1992, a US\$60 million rehabilitation loan was approved to help finance imports in coordination with the government's initial economic reform efforts. The US\$26.4 million Power Rehabilitation Loan approved in May 1994 aims to improve energy efficiency, the safety and reliability of the electricity system, and to support the restructuring of the national electricity agency. The US\$7 million loan for the Klaipeda Environment Project approved in December 1994

will help restore coastal water quality through improvements in waste water treatment facilities. Also, the World Bank's loan of US\$25 million for a Financial Sector Assistance Project approved in April 1995 is designed to help accelerate the government's reform efforts in the enterprise and financial sectors through introduction of banking legislation and provision of technical assistance and financing for enterprise restructuring.

POLITICAL OVERVIEW

Lithuania is a parliamentary democracy, adopting its constitution in October 1992. The ruling party Homeland Union shares power with the Lithuania Democratic Labour Party, the Lithuanian Centre Union, and the Christian Democrats. The new parliamentary Cabinet formed in December 1996, is made up of moderate technocrats.

Immediate government priorities include the strengthening of the national currency, strict fiscal

policy, the promotion of investment, private sector development, and the reorganization of the social security system. While the government is committed to improving regional politics and relationships, it has also been active in reasserting itself in the international political arena. The Lithuanian government and all the major political parties support a free-market system. However, Soviet methodological and regulatory traditions are still present at the lower levels of bureaucracy.

TRADE POLICY

Trade liberalization has been a major part of the reform process. Lithuania historically has been an exporter of agricultural, chemical, and textile products. However, the loss of Soviet markets, coupled with an imbalanced restructuring, have resulted in negative trade balances. In 1995, Russia's share of imports was 31.5 percent compared to 20.1 percent of exports. Other major trading partners include Germany, Belarus, Latvia and Ukraine.

In April 1994, a trilateral free trade agreement between the three Baltic States was implemented

abolishing tariffs on industrial products, while a customs union of the three countries will be established by 1998. Lithuania has trade relations with over 160 countries, signing free-trade agreements with 20 of them, mainly from the EU. In addition, it holds "most favoured nation" trading status with 22 countries. Since 1992, Lithuania has held observer status at GATT, in addition to holding preferential trading arrangements with Canada and the U.S.

HOUSING CONDITIONS

Overview

Recent policy reforms and the mass privatization of state housing has led to a tenure structure that is dominated by home-ownership. In 1996, 90 percent of the total housing stock was owner-occupied, having grown from 78.9 percent in 1994. This proportion of owner-occupied units is lower in Vilnius and other large urban centres than in rural areas. In 1994, the proportion in Vilnius was 70 percent. The share of private sector housing has also increased significantly, reaching 11 percent in Vilnius.

At the beginning of 1995, the total housing stock in Lithuania was 1.2 million units, a ratio of 329 housing units per 1,000 inhabitants.

The housing deficit was greater in Vilnius, compared to the national average—16.2 m² compared to 19.7 m². The difference in the owner-occupied sector was more pronounced—housing consumption per person in the capital city was 16.5 m² compared to the national average of 20.2 m². Overall, the total usable area per person was small—19.7 m².

The number of households exceeds the number of dwellings in Lithuania. For example, overcrowding, reflected in the ratio of persons per

room, is as high as 1.5 in the public rental sector. Density indicators highlight another dimension of housing problems: not only are the number of dwellings less than the number of households, but their size and the number of rooms are inadequate compared to the size of the household. The average size of a flat in an urban area is 55.2 m². A disproportionately high number of households live in one and two-room flats. Some estimates suggest that an absolute shortage of over 75,000 housing units exists. For example, in urban areas, 46 percent of single people and 24 percent of families do not own their own flat.

In Lithuania, the poor quality of the existing housing stock has attracted significant public attention. Water supply and sewerage systems are generally better developed in Vilnius. However, close to 20 percent of households nationally have no access to these basic services. Over 90 percent of the dwellings in Vilnius are equipped with bath and shower, compared to 72 percent nationally. District heating is widely spread in Lithuania where the proportion of dwellings serviced by the system is 61.3 percent compared to 92 percent in Vilnius. Table 3 shows housing conditions by tenure type in 1994.

Substandard housing is as high as 22 percent of the total housing stock. With respect to tenure

Table 3:
Housing Conditions by Tenure Type, 1994

	Percentage of Housing	Household/ Dwelling	m ² / Person	Persons/ Room	Number of Units (000s)	Units in Single-family Buildings	Units in Multi-family Buildings
Public rental*	12.9	1.13	16.4	1.4	158.1	2.0	98.0
Vilnius	19.0	1.35	15.0	1.52	32.3	-	100.0
Private rental*	8.5	N/A	N/A	N/A	104.2	N/A	N/A
Vilnius	11.0	N/A	N/A	N/A	18.7	N/A	N/A
Owner-occupied*	78.6	1.04	20.2	1.25	963.7	39.2	60.8
Vilnius	70.0	1.15	16.5	1.35	118.7	N/A	N/A
Total *	100.0	1.06	19.7	1.3	1,226.0	-	-
Total Vilnius	-	1.26	16.2	1.38	169.7	-	-

* These data reflect housing characteristics at the national level.
Source: MRI, 1996

patterns, the share of inadequate and substandard housing is higher in the owner-occupied housing. This reflects the lower housing quality in rural areas and the systematic dis-investment and deferral of maintenance in owner-occupied housing over the last few decades. Expert evaluation indicates that 84 percent of the housing in urban areas needs considerable investment in renovation while 4 percent requires major repair. The distribution of the housing stock by age and type is very diverse. Close to 75 percent of the housing stock was built after 1961. A large proportion of the housing in the larger urban

centres of Vilnius, Kaunas, Klaipeda and Siauliai is relatively uniform consisting of mass-produced highrise apartment buildings. The units, averaging 55 m² and built of prefabricated elements, are of poor quality and suffer from deferred maintenance. Overall, there is a limited choice of housing types, styles and quality levels. It should be noted that the percentage of apartment buildings is 98 percent in the public rental sector, while owner-occupied single-family housing is close to 40 percent. Table 4 shows the distribution of the housing stock and Table 5 shows housing quality characteristics.

Table 4:
Distribution of the Housing Stock: Dwellings and Households, 1994

	Total (000s)	%	Dwellings with 1* room (000s)	%	Flats with 2 rooms (000s)	%	Flats with 3 rooms (000s)	%	Flats with 4 rooms (000s)	%	Flats with 5 rooms (000s)
Flats	1,226	100	205.9	16.8	469.5	38.3	375.1	30.6	118.9	9.7	56.4
Households	1,300	100	285.0	21.9	344.5	26.5	292.5	22.5	260.0	20.0	118.0

Source: National Statistical Institute, 1995

Table 5:
Housing Quality Characteristics

	Piped Water (% of flats)	Piped Sewer (% of flats)	Bath or Shower (% of flats)	District Heating*	Housing Built Since 1960 (%)
Lithuania	80.33	79.9	72.40	61.3	74.2
Vilnius	94.55	94.4	91.05	92.3	N/A

* Defined as percentage of dwellings provided with any heating installation serving one building or one flat.

Source: MRI, 1996

HOUSING SECTOR

Overview

Housing reforms have focussed on property rights, privatization, and restitution. Subsidy cuts have contributed to the sharp decline in housing input, and decreased capital investment in the sector. The government's priority is to renovate the existing stock and to improve its energy efficiency. Municipalities are faced with many problems at the local level. Rents in public housing are controlled, and consequently are kept at a very low level, barely covering operating costs. A new provision of social housing might be considered after the year 2000.

Relevant Regulatory Systems

A series of regulations, laws, and guidelines exist in Lithuania, providing the legal framework for the housing sector. Soviet legislation is gradually being replaced through newly developed regulations, which address the most important issues such as property rights, the privatization of dwellings and land, property tax, and physical planning and construction.

The construction process is regulated under the Law on Building, adopted in 1995. It specifies the rights and responsibilities of principals in the provision process, and defines the state and municipal division of responsibilities, including those relating to product certification, and the licensing of construction companies. Although a number of new building codes have been approved, some of the old Soviet regulations still remain. Building permits are issued upon the presentation of plans, proposed by a professional architect. However, changes in zoning and proposed revisions of the Master Plan might be difficult, and may take six months or longer to approve.

The privatization of state housing in Lithuania has been very successful with more than 90 percent of the housing stock in private ownership. In addition, close to 97 percent of the apartments eligible for privatization have been sold to sitting tenants. The government has adopted a "give away" strategy; the price for 1 m² of residential space is set at 5 Litass (4 Litass = US\$1), up to 20 m² per person and increased slightly beyond that limit. These low prices have allowed about 20 percent of the privatized apartments to be paid for in cash. In addition, 24 percent of the privatization vouchers distributed to Lithuanian citizens have been used to purchase apartments. However, privatization does include the land on which the housing is built, as land reform is still in progress. Table 6 illustrates the housing investment for the period 1990-94.

Housing as a National Priority

The 1991 restitution legislation applies to land, forests, and residential and industrial buildings. At the end of 1994, close to 9.5 percent of the public housing stock had been subject to restitution claims. Former owners can acquire property provided that it is vacated voluntarily and compensation mechanisms do exist. Rents in restituted housing are also regulated nationally.

Key Housing Market Institutions

The Ministry of Construction and Urbanization is responsible for coordinating building activities and planning major construction projects. Housing policies, building standards and regulations are formulated by a number of other government organizations.

Table 6:
Housing Investment 1990-94 (in million \$US)

	State and Local Government*	Co-operatives	Private Persons	Total	Share of GDP
1994	20.4	34.1	62.0	116.33	2.7

* Also includes investments from other public bodies.
Source: MRI, 1996

Most of the criticism towards government concerns the lack of support for the housing sector. The shortage of funds, in particular, is a major barrier to new housing construction. However, various housing subsidies are granted, up to 3.4 percent of the state budget and are allocated to municipal housing authorities, based on need. In 1996 a four-year social development program for the country's poorer eastern regions was announced, focussing on schools, hospitals, and housing. The total budget for this program is LTL 213 million.

The decentralization of responsibilities has resulted in the establishment of a new role for municipalities. State-owned housing was transferred to municipalities and municipal maintenance companies were restructured to operate independently. Other institutions dealing with the management and promotion of private housing are: the Homeowner's Associations (HOA), established since February 1995 under the new condominium law; and the Housing Cooperatives, which are associations of homeowners building their own housing. In addition, 22 real estate agencies have emerged under the umbrella of the Association of Enterprises Dealing with Immovable Property.

State of the Local Housing Market

The economic recession has hit the housing construction industry in Lithuania especially hard. A massive decline in housing output was the initial effect of the retreat by the state from the provision of housing. Though private housing investment increased slightly, it was not sufficient to offset the massive decline in state and cooperative funds. Housing investment in 1994 was \$116.33 million or 2.7 percent of the GDP.

By the mid-1990s, housing starts had fallen to an extremely low level of 6,897 units. By 1994, housing output was one quarter of that reached in 1980. Though housing production and investment fell sharply in the 1990-1994 period, evidence suggests that shifts from new construction to renewal and rehabilitation have begun to occur. This may be offsetting the decline in new construction to a considerable degree.

The transition from planning to markets has resulted in the considerable growth of private

sector involvement in the supply of new housing. The share of private construction has increased to over 70 percent of the total output. In 1995, 86 percent of the construction work was carried out by private construction companies. Private sector activity is considerably affected by the recession, sharply rising prices, inflation, and falling real incomes. Due to the shortage of funds and other technical difficulties, the number of uncompleted dwellings was 4,452 in 1995, and about 80 percent were private initiatives. The growth in the production of new housing will be modest, in the range of 3-5 percent and is expected to barely reach half of the construction level of the pre-transition period by the year 2000. Table 7 presents statistics on new housing construction by type of developer.

**Table 7:
New Housing Construction by Type of
Developer**

	1980	1990	1994
National:			
State and local government	17,960	4,742	334
Other public bodies	N/A	9,258	897
Co-operatives	3,380	4,733	2,040
Other private bodies	1,908	1,144	1,826
Private persons	5,052	900	1,800
Total	28,300	20,777	6,897
Vilnius:			
State and local government	3,245	2,360	N/A
Other public bodies	N/A	N/A	327
Co-operatives	613	1,396	N/A
Other private bodies	N/A	N/A	418
Private persons	3	8	490
Total	3,861	3,764	1,235

Source: MRI, 1996

Land costs vary widely according to the size of the city and location. Defined as a percentage of the total house price in a typical new housing development, the rate in Lithuania is 20 percent. Serviced land is 2-2.5 times more expensive than undeveloped land with planning permission for residential construction. Lot costs in built-up areas, within the inner city, that are suitable for

apartment development can be greater than US\$150-300 per m². Land for single-family housing is reportedly cheaper and usually located in the urban periphery.

Construction costs are difficult to forecast and estimates do not remain valid for long because of inflation and uncertainty about the availability and cost of building materials. Reported costs in 1995 were \$300 per m² nationally, and \$308 per m² in Vilnius. Compared to 1991, these construction costs were 400 percent higher.

The prices of building materials are increasing much faster than the average consumer price index. As a result, new dwellings have become 40-50 percent more expensive than existing ones, and in most of the smaller towns, for example,

Ukmerge, Utena and Raseiniai, house prices in the second-hand market are as low as 60 percent of the construction costs. Costs and size of newly-built units in 1994 are shown in Table 8.

The shift in consumer preferences, and the major changes in the structure of the housing industry, have led to significant changes in both the type and construction of new housing. The physical and design characteristics of apartment buildings have broadened in the last five years. Since 1990, newly constructed five- to eight-storey buildings have accounted for 45-55 percent of the total housing output. In recent years, the average size of newly built units has increased by 150 percent. The tendency to move away from prefabricated panels to brick and other technologies is clearly demonstrated throughout the country.

Table 8:
Costs and Size of Newly-Built Units, 1994

	New Units Per 1,000 Population			Land Cost ¹	Construction Cost ²			New Unit Size, m ²		
	1990	1994	%1990/1994	1994	1990	1994	%1990/1994	1990	1994	%1990/1994
Lithuania	6	1.8	30	20	260	318	82	64	101	158

1. Defined as the land price as a percentage of the total house price (including land price) for typical newly constructed units.
2. Defined as the present replacement cost (labour, materials, on-site infrastructure, management and contractor profits) in US\$ per m² of a median priced dwelling unit.
Source: MRI, 1996

MATERIALS, LABOUR AND FINANCING

Overview

The privatization of the building industry has proceeded decisively in Lithuania. New firms have emerged from the original vertically integrated structures with the potential to operate more efficiently in the market environment. In 1994, the number of building companies reached 3,298 with close to 90,000 employees. Most of these companies are privately owned and have less than 100 employees. The structure of the building industry is presented below.

Table 9:
Structure of the Building Industry

Indicator	Number
Public corporations	153
Public employees	17,291
Private corporations	3,145
Private employees	73,016
Total Employees	90,307

Source: MRI, 1996

The housing industry in Lithuania is in a process of restructuring. A range of different organizations, varying by size, ownership, and expertise, have established their presence in local housing markets. The existence of a large number of small firms in the single-family home-building and renovation sectors reflects: the ease of entry into the industry; the nature of the development process; the demand for small-scale traditionally built housing (generally constructed with little to no prefabrication); and the lack of economies of scale.

Materials

A large part of both the construction and building materials industries were privatized during the first half of 1993. Approximately 100 state enterprises were registered as joint-stock companies. With large quarries located in the vicinity of Vilnius and Kaunas, the building materials industry uses local raw materials to

produce brick, silicate articles, and glass, in addition to polystyrene tiles, and plastics. Lithuania has 623 building materials enterprises, among them: 92 state-owned, 175 joint-stock, and 300 privately owned companies. The building materials industry produces at 20-30 percent of its capacity, and overall output has decreased considerably, compared to 1989 levels. For example, the manufacturing of insulation material has decreased by a factor of 10 percent.

Labour

The construction sector has maintained a relatively steady share of 6 percent in the overall sectoral distribution of employment. While the unemployment rate in this sector is estimated to be 7.6 percent, the average monthly wage was approximately \$130 in 1996. By law, blue collar workers have a 48-hour work-week compared to 40 hours for white collar workers. Minimum health and safety standards for the workplace exist but are sometimes ignored. Both skilled and unskilled labour are available.

Financing

The weakness in the banking system became apparent in late December 1995 when a number of smaller banks collapsed due to risky lending practices and unsustainable deposit interest payments. In response, the government imposed a moratorium on the two largest commercial banks, Litimpex and Akcinis Inovacinis Bankas. According to a Bank of Lithuania quarterly report in 1995, out of 27 commercial banks, 11 were experiencing some problems. Though interest rates have been falling, they are still in range of 30-50 percent, and as a result, commercial credits are not used for housing purchase and construction.

However, the local banking sector is not committed to special housing financing initiatives. Although a mortgage law has been approved by the Lithuanian Parliament, its method of implementation is still under review. Interest subsidies are issued to housing cooperatives to complete the construction of new apartment

buildings. This subsidy was 2.4 percent of the government's budget in 1994.

The General State Support Fund administered by the Ministry of Construction and Urban Development provides credit for the purchase and construction of dwellings. The credit has a 5-percent interest rate and is payable over 25 years. The revenue for the fund is derived from the privatization of housing, the sale of municipal land, and the state budget. In 1994 the fund operated with LTL 101 million, and in 1995 with LTL 130 million. In addition, a Housing

Energy Loan Fund was established in 1994 to promote energy efficiency measures in private housing. The government has also negotiated a World Bank credit of LTL 80 million (\$20 million), to provide 10-year loans with 10-13 percent annual interest rate to households for new house building and renovation. A major part of this credit will be allocated to new housing provision— LTL 50 million (\$12.5 million), while the upgrading of heating and water supply systems can also be financed, within a limit of LTL 13 million (\$3.25 million).

HOUSING MARKET ACTIVITY, NEED AND DEMAND

Local Housing Market Activities

The general movement towards a market-oriented real estate sector, together with inflation, economic recession, escalating construction costs, and declining house building activity, have set the scene for the operation of local land and housing markets.

Housing market activity primarily includes property transactions of privatized and restituted housing, and exchanges within the existing owner-occupied stock. There were 115,000 transactions in Lithuania in 1994, and close to 109,000 in 1995. The turnover is estimated to be 7-8 percent of the total housing stock. The previous communist system of uniform land and house prices has given way to a fairly diversified and sophisticated system reflecting location, quality, accessibility, and level of services. On the basis of house and land price dynamics, it is possible to identify the following emerging sub-markets: inner city neighbourhoods, peripheral housing estates, and the urban fringe. The general trend is towards the fragmentation and differentiation of the housing market, reflected in house price maps of urban areas.

The current market for housing is erratic. The prices in the large urban centres do not reflect a maturity of the market to any degree. Instead, they reflect the unrealistic expectations of future profits. House prices are increasing, particularly in

Vilnius and in holiday resorts like Nida, where a two-bedroom apartment may cost US\$60,000. Rents vary between US\$200-1,000 in the centre of Vilnius depending on the location and quality. A land tax is charged at 1-3 percent nominally, depending on private or state ownership. Table 10 shows house and land prices in Vilnius for the period 1993-96.

Housing Need

Low wages and employment uncertainty, coupled with high housing costs and mortgage rates, have reduced the demand for owner-occupied housing. Nationally, the ratio of income-to-house-price is 1:3.5. In large urban centres and Vilnius, the gap between income and entry costs is more dramatic, reaching a ratio of 1:7.

Home-ownership in Lithuania is perceived as desirable, and a good investment in an inflationary context, particularly after the banking crisis in 1995. Investment in housing is economically attractive for individual households, which channel a large fraction of personal savings towards improving their housing situation. Despite these preferences, it is expected that less than 10 percent of the households will be able to enter the housing market in the foreseeable future. However, due to the high level of home-ownership in Lithuania, movement in the market will have a substantial impact on the supply of new housing.

Table 10:
House and Land Price* Dynamics in Vilnius, 1993-96

Sub-markets	Apartments 1993	Apartments 1996	Houses 1996	Land Prices 1996
Old Town	238-555	236-486	N/A	150-500
Inner City	237-402	373-482	N/A	57-85
Housing Estates	233-337	322-412	200	16-18
Urban Fringe	140-170	130-200	130-200	4-6

* Prices are in US\$ per m². Current exchange rate: 4 LTL equal to 1 US\$.
Source: CUI, 1996

Table 11:
Housing Costs in the Owner-occupied and Rental Sectors, 1994

	Public Sector Rentals (as a % of average income)			Owner-occupied
	Rent	Utilities	Rent and Utilities	Ratio of house-price-to-income
Lithuania	1.5	17.5	19	3.2

Source: MRI, 1996

Despite rent increases in public sector housing, the overall rent-to-income ratio is relatively low, in the range of 1.5 percent of the average household income in 1994. This suggests that public authorities avoid confronting the difficult decision to increase rents. Table 11 shows housing costs in the owner-occupied and rental sectors in 1994.

Factors Affecting the Demand for Housing

In 1994, there were 1,300 households in Lithuania. While the average household size is 2.8 persons, about 60 percent of Lithuanian households consist of four people. Extended families are more common in rural areas.

Income differentiation in post-communist societies has major implications for the housing market. People with more disposable income seek to achieve a better living standard and settle in a more attractive environment. This has been a catalyst for the provision of higher-end products in the housing market. Although incomes are growing, they are still considerably lower than

European standards. The average monthly salary in June 1995 was LTL 656.7 (\$164). Consumer spending indicates the following trends: food products account for 56.8 percent of the household budget, housing and energy 12.8 percent, and household appliances and services 3.5 percent. It should be noted that the official income statistics need to be viewed with some scepticism, since much of the personal income is undeclared. According to a survey of the Lithuanian Free Market Institute, the shadow economy accounts for between 13-56 percent of the output of many key economic sectors.

Most Lithuanians are dissatisfied with their living conditions, a factor influencing housing demand considerably. In June 1996, a survey of 2,125 households revealed that single-parent households in particular were the most dissatisfied; 13.7 percent of the respondents thought their conditions were bad, while 46.6 percent described them as average. In the case of couples without children, 64.6 percent described their housing situation as average compared to 5.6 percent who described it as bad.

EXPORT OPPORTUNITIES AND STRATEGIES

Overview

Due to considerable success in implementing economic and political reforms, Lithuania offers a number of opportunities for Canadian housing exporters. Exports in the residential housing sector are quite diverse, with no country achieving a dominant position. Canada's export ranking for building products in the Lithuanian market is comparatively low, and sales volumes are generally small.

Strategically, Lithuania is attractive as a gateway to the larger regional markets of Russia, Belarus, and the other Baltic States. However, Canada faces strong competition from German, Austrian, Italian, and Scandinavian firms and products.

Lithuania is a growing market in Central and Eastern Europe for Canadian housing products, worth \$1.7 million between 1993-95. The most dynamic growth has been observed in the export of heating, ventilation, air conditioning systems, electrical-mechanical components, and wood products. In general, the market for construction products is volatile and experiences substantial gains and losses year-to-year for particular product categories. Canadian involvement in the Lithuanian market is diverse and active firms include an equal number of developers, builders and product exporters. Most of the exporters operate on a regional basis pursuing business opportunities in the other Baltic States. Table 12 shows the value of

Canadian Building Material Exports for the period 1993-95.

Export Opportunities

Exports to the three Baltic States represent a small but fast growing market for Canadian housing export commodities. The overall increase in most product categories was in the range of 150-200 percent in the first months of 1996, compared to the same period in 1995.

Infrastructure Provision

In February 1995, the Lithuanian government approved an LTL 8 billion (US\$2 billion) national investment program for the 1996-98 period. The program focusses on infrastructure and environmental projects covering 250 investment projects in 16 sectors. It will be financed by the government, the private sector, and international donor agencies. Some projects will be contracted out through competitive tendering to foreign companies. This could provide an excellent business opportunity for many Canadian firms.

There is a significant pent-up demand for housing in Lithuania, estimated at over 7,000 units per year. However, effective demand is contingent upon the success of certain economic and political reforms. The market for new housing is expected to experience a small recovery with the greatest demand in the housing markets of Vilnius and Kaunas.

Table 12:
Value of Canadian Building Material Exports, 1993-95 (in \$)

	Prefab. buildings	Wood products	Doors & Windows	HVAC	Finishes	Equipment & Tools	Total per year
1993	449,860	8,900	67,065	12,637	-	-	538,462
1994	-	138,650	32,800	24,167	-	145,271	340,888
1995	59,387	476,369	9,820	259,510	25,384	2,951	833,421
Total per category	509,247	623,919	109,685	296,314	25,384	148,222	1,712,771

Source: Industry Canada's Strategis trade data on-line, 1996

New House Building

- **Provision of Luxury Housing:** A promising and significant niche market exists in the provision of luxury suburban, single-family homes on estate-sized lots. The type of house most likely to succeed would be a traditional masonry home with a few upgrades such as HVAC, a custom kitchen and a security system. Purchasers of this type of housing would be able to pay cash, therefore avoiding mortgaging difficulties.
- **Residential Apartment and Condominium Development:** Trends in income distribution in Lithuania suggest that there might be a growing demand for 80-100 m², centrally-located luxury apartments in medium-density housing developments.

Renovation

- **Conversion or Restoration of Centrally Located Buildings:** The restoration of historic buildings in the downtown area in Vilnius is a short-term opportunity. Demand comes from a number of foreign companies establishing representative offices and the turnover of private retail businesses. Mixed-use commercial-residential buildings, often restituted, are also particularly attractive. Such projects are often undertaken as joint ventures, with the Canadian partner financing the restoration or conversion in exchange for a long-term lease or an equity position in the building.
- **Thermal Retrofitting:** It is estimated that the cost of a thermal retrofit of the housing stock is as high as \$5.5 billion, including 69 percent of single-family housing and 31 percent of apartment buildings. It will allow annual savings of up to 40 percent of the heating costs or more than \$200 million. Average annual heat losses due to poor insulation are in the range of \$5.76 per m². Financing is available through the Housing Energy Loan Fund, a World Bank credit of LTL 80 million (US\$20 million).

Export of Construction Technologies and Building Materials

There is an immediate need for efficient, modern production technologies especially to assist in the production of lower-density housing forms.

- **Building Materials:** The building materials market offers a growing opportunity, but exporting a wide array of building products would be premature. Canadian exporters might focus instead on the renovation market which appears to be better positioned for future growth. Prices for materials are reportedly similar to Western Europe.
- **Housing Components and Value-Added Products:** Gradual changes are apparent in the types of components used in new housing construction, particularly siding, plastic windows and pre-hung doors. Each of these products offer a cost and construction time advantage over their alternatives, and seem to be the most promising.
- **Manufactured Housing:** This type of housing is not accepted in the mainstream. Canadian costs, and shipment make the product expensive. Additionally, consumer preferences are in favour of the traditionally built home, which they believe to be a more sound investment. A number of Canadian exporters are exploring this market, attempting to build model homes. What holds better promise is the transfer of manufacturing and modular technologies adapted to this market.

Best Sales Prospects

Market prospects appear to be good for the following products:

- lightweight structural components (panel assemblies, laminated beams, and so on);
- exterior insulation and technologies for retrofitting of pre-cast concrete panels;
- drywall, wallpaper, paints and finishes;
- siding and exterior cladding systems;
- heating and ventilation systems;
- water and heating control and measurement systems;

- small construction equipment; and
- security systems.

Export Strategies

The Lithuanian business environment has improved dramatically. There have been significant efforts to address those areas that can impede housing growth, for example, financial, legislative, and mortgage issues. However, several issues need to be considered:

- The environment creates great business opportunities, with commensurate risks.

- The attitude towards Canadian imports is positive and the market for housing-related products is growing.
- Partnerships with local companies is highly recommended.
- There is less transparency in the business, legal and regulatory environments than in Canada.
- Risks can be avoided by consulting with international business firms in Lithuania that offer risk assessment, market surveys and expert legal counsel for Canadian exporters.

BUSINESS ENVIRONMENT

Overview

The country's successful macro-economic reform, privatization strategy, political stability, and low external debt create a favourable climate for investment. In September 1996, Lithuania received a Ba2 rating on its foreign currency debt, and a Ba3 rating on its bank deposits from the New York-based Moody's Investor Service.

Lithuania introduced its national currency in June 1993. The Litas is convertible and is pegged to the U.S. dollar at LTL4: US\$1. All Litas in circulation are backed by both foreign currency and state gold reserves.

Business Customs

The business day starts between 6 and 8 a.m. and ends between 3 and 5 p.m. The maximum number of daily hours required of staff is 9. Canadians do not require visas for Lithuania. Lithuanian is the official language, with Russian, English and German also spoken. The holidays observed in Lithuania are the following:

**Table 13:
Holidays**

January 1	New Year's Day
February 16	Independence Day
March/April (variable)	Easter Monday
July 6	State Day
December 24	Christmas Eve
December 25	Christmas Day

Business Infrastructure

The modernization of the international airport in Vilnius is complete. Plans for "Via Baltica", that will link Helsinki, Tallinn, Riga, Kaunas (Lithuania's second largest city), and Warsaw, are well underway. The Nordic Investment Bank in Stockholm and other donors will finance the \$180 million modernization project that will provide a high quality transportation corridor and therefore improve business opportunities.

The seaport of Klaipeda, the second largest in the Baltic region, will also be upgraded. It has a Free

Enterprise Zone where foreign investors qualify for a five-year exemption from profit taxes. Several regular shipping lines exist, servicing Denmark, Sweden, the Netherlands, the UK, Belgium, Germany, and Russia.

Distribution and Sales Channels

Product distribution channels are being established and the most common means of accessing them is through a local partner or by exporting through a consolidator. The best market opportunities are in the larger cities.

Finding a Partner

A joint venture with a local partner is the best strategy for Canadian firms. Basic data on the local company and its credit ratings can be obtained from local business service companies. However, the system is not well developed and the information may have significant gaps. The Chamber of Commerce can help with identifying interested agents, partners, and distributors.

Establishing an Office

Office space, and administrative, accounting, and legal help is available, while telecommunications are improving. Office rents vary from \$5-20 per m² in Vilnius. It is advisable to use a local law firm for leases, particularly with clauses related to future rent increase. The technical infrastructure and facilities in older sections of the city are reported to be in bad condition, with frequent water damage and electricity cut-offs. Insurance is extremely important since landlords have no water damage, fire, or other liability insurance.

The work-force in Lithuania is highly educated and works for a relatively low wage; however, productivity is comparatively low. The salary for a white-collar worker in the private sector is generally LTL 1,200 per month. The total employer contribution (unemployment, pension, health, and disability) as a percentage of gross monthly wages is 30 percent, while employees contribute 1 percent.

Foreign companies can be established as: a fully owned foreign capital company, a representative

office, a joint venture, or a subsidiary. Major types of companies include: personal enterprise; general partnership; limited partnership; public joint-stock company with authorized share capital over LTL 100,000 (\$25,000); closed joint-stock company with authorized share capital of LTL 10,000 (\$2,500); and public/private with up to 49 percent of a state-owned enterprise.

A foreign investor must incorporate the business organization in Lithuania, with the most frequent strategy being to register as a joint-stock company. One possibility of establishing a legal presence and exploring the business opportunities is to open a representative office of the foreign company in Lithuania.

Advertising and Trade Promotion

Advertising for certain types of products, such as prefabricated housing, has not proven to be successful. The best advertising value for other types of housing-related products is offered through the various trade magazines and product catalogues.

Estimates suggest that the print media takes 50 percent of the promotional spending, television 30 percent, radio 10 percent, and outdoor advertising 10 percent. The three television channels are considered the best advertising medium by international companies. Over 500 local and foreign advertising agencies provide advice on marketing and promotion.

Advertising in the print media is highly recommended. The leading newspapers are *Lietuvos Rytas*, and *Respublika* published in Lithuanian and Russian. The leading business newspapers are *Verslo Zinios*, *Litas*, and *Baltic Business News*.

Pricing Products

As in other markets, sales are price sensitive, although the high quality and good reputation of Canadian building materials and products is an asset.

Protecting Your Intellectual Property

Lithuania has an association agreement with the European Union, so product certification is similar to Western Europe and is moving towards

ISO 9000 standards. Approval times vary from a week to three months, although products certified by other European countries will usually be processed quickly.

In 1990, Lithuania joined the World Intellectual Property Organization and plans to sign the Paris Convention for the Protection of Industrial Property.

Regulatory Issues

Investment Incentives and Taxation: Foreign investment is protected under the Law on Foreign Investment, which offers compensation by the state in cases of appropriation and interference. Foreigners investing over \$2 million and acquiring more than 30 percent of the authorized capital are exempt from profit tax for 3 years. In the subsequent 3 years, profit tax will be reduced by 50 percent. There is no preferential tax treatment for foreigners investing less than \$2 million, but smaller investors can benefit from tax relief incentives for small businesses with fewer than 50 employees and an annual profit of less than LTL 500,000 (\$125,000).

Taxation: Foreign companies incorporated before August 1, 1995 enjoy enhanced tax incentives—50 to 70 percent tax reductions. Several Free Economic Zones offer incentives to foreign investors, in particular a 5-year tax exemption. The following tax rates apply: corporate tax (29 percent); income tax (33 percent); value-added tax (18 percent); property tax (1 percent); and social insurance (31 percent).

Repatriation of Profits and Capital: A branch of a parent company can repatriate profits and capital with minimal controls provided that the profits are in hard currency. On cessation of business, capital can be repatriated. There are no government guarantees against inconvertibility.

Real Estate: The Lithuanian Constitution, adopted in 1992, defines restrictions for the ownership of land. Article 47 has been amended to allow local governments, Lithuanian nationals, and foreigners conducting economic activities in Lithuania, to own non-agricultural land. Economic activities are classified as construction of buildings, equipment manufacture, or other development. Foreigners can buy buildings

through joint ventures, and land can be leased for 99 years with an option for renewal.

Exporting: Most housing-related products can be imported without a licence. Value-added tax (VAT) is normally applicable on an equal basis with goods manufactured in Lithuania, and in some cases part of the VAT may be recovered. The importation of products does not generally require extensive paperwork, with customs clearance at the final destination. The onward transportation of goods by road and rail is adequate. Canadian exporters often ask for cash in advance until they have established a track record with new customers. The Export Development Corporation (EDC) can provide medium- and long-term financing to foreign buyers of Canadian goods and services, and short-term insurance when dealing with terms other than cash in advance.

Customs Duties: The liberalization of foreign trade has resulted in the elimination of customs duties for most industrial products originating from within the EU, while they vary between 5-35 percent for other goods. According to a Memorandum signed with the IMF, a unified tariff averaging 10 percent will be introduced. There are no quantitative constraints on imports of housing sector products and services. Lithuanian tariff classifications are based on the harmonized commodity description and coding system. In addition to tariffs, imports are subject to 18 percent VAT. Zero tax is levied on export services, and on international transportation. Fixed investment goods are not subject to VAT, provided the importer is a registered VAT payer. Lithuania, Latvia and Estonia signed an agreement in March

1996, relating to customs documentation and transit freight regulations. It is expected that this will reduce custom delays.

EDC Financial Risk Assessment

The Export Development Corporation (EDC) helps Canadian companies compete in world markets through the provision of financial and risk management services. These include export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

The following information was obtained from the EDC Country Risks and Opportunities book (fall, 1996).

These issues should be taken into consideration when assessing financial risk in Lithuania.

- An International Monetary Fund (IMF) Extended Arrangement was in place until February 1997. While real GDP growth of around 1-2 percent occurred in 1995 and growth in 1996 was constrained by the banking crisis and looming elections, it may pick up in subsequent years.
- The current account deficit is offset by a capital account surplus, thus resulting in a slight overall surplus.
- ILCs are the norm and delays in payment are common. Short-term coverage by the EDC is available on a case-by-case basis. Medium- and long-term coverage is open, subject to an overall exposure guideline. Foreign investment insurance is available on a case-by-case basis.

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British Columbia <i>*Vancouver office is also responsible for the Yukon</i>	International Trade Centre 300 West Georgia Street Suite 2000 Vancouver, BC V6B 6E1	Tel.: (604) 666-0434 Fax: (604) 666-0954

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Office for Liaison with International Financial Institutions	Canadian Embassy 501 Pennsylvania Avenue N.W. Washington, D.C. 20001	Tel.: (202) 682-7719 Fax: (202) 682-7726

Business and Professional Organizations in Canada

Alliance of Manufacturers and Exporters Canada	99 Bank Street, Suite 250 Ottawa, ON K1P 6B9	Tel.: (613) 238-8888 Fax: (613) 563-9218
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Canadian Banks with European Offices

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Canadian Imperial Bank of Commerce European Operations Office	Cottons Centre Cottons Lane London, SE1 2QL, England	Tel.: (011-441-71) 234-6000
National Bank of Canada Europe Regional Office	Princes House 95 Gresham Street London, England EC2V 7LU	
Royal Bank of Canada AG	P.O. Box 71 07 14 Lyonner Strasse 15 60497 Frankfurt am Main, Germany	
The Toronto-Dominion Bank	Triton Court 14/18 Finsbury Square London, England EC2A 1DB	
Hongkong Bank of Canada	10 Lower Thames Street P.O. Box 506 London, England EC3R 6AE	

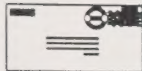
Lithuanian Institutional Support for Housing Importers

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Arthur Andersen	Aludario 2 LT-2001 Vilnius, Lithuania	Tel.: (011-370-2) 61 75 75 Fax: (011-370-2) 62 07 43
Coopers & Lybrand	Ausros Varto 5 LT-2001 Vilnius, Lithuania	Tel.: (011-370-2) 61 18 88
KPMG Lietuva	Stulginskio 4, 4th floor LT-2600 Vilnius, Lithuania	Tel.: (011-370-2) 61 18 03 Fax: (011-370-2) 62 08 51
Price Waterhouse	Seimyniskiu 16 LT-20001 Vilnius, Lithuania	Tel.: (011-370-2) 72 69 02
Foresta	V. Kudirkos 22 LT-2600 Vilnius, Lithuania	Tel.: (011-370-2) 22 45 64 Fax: (011-370-2) 22 37 49
Lideika, Petrauskas	McDermott, Will & Emery Smetonos 6-1 LT-2600 Vilnius, Lithuania	Tel.: (011-370-2) 61 43 08 Fax: (011-370-2) 22 79 55
Baltic Times (Vilnius office)	Mairionio 1 LT-2600 Vilnius, Lithuania	Tel.: (011-370-2) 62 47 29 Fax: (011-370-2) 22 15 45

HOUSING EXPORT OPPORTUNITIES SERIES ORDER FORM



CMHC
P.O. Box 35005
Stn BRM B
Toronto, ON
M7Y 6E5



1-800-668-2642
Outside Canada call
1-613-748-2003



FAX TO
1-800-245-9274
Outside Canada
1-613-748-2016

Charge to VISA, American Express or MasterCard.

To avoid double billing,
please do not send
confirmation.

VISA, American Express,
and MasterCard.

To avoid double billing,
please do not send
confirmation. A fax will
be treated as an original order.

METHOD OF PAYMENT

Check only one (individuals must prepay all orders.)

<input type="checkbox"/>	Please charge my	
	VISA <input type="checkbox"/>	American Express <input type="checkbox"/> MasterCard <input type="checkbox"/>
	Card Number	
	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	
	Expiry Date	
<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>		
<input type="checkbox"/>	Signature	
	<div style="border-bottom: 1px solid black; height: 40px; width: 100%;"></div>	
	Payment enclosed \$ _____ Please use cheque or money order payable to CMHC	

To Complete See Example on Reverse Side

[illegible]

SOURCE (How did you hear about the product?) TV AD <input type="checkbox"/> <input type="checkbox"/> CATALOGUE NEWSPAPER <input type="checkbox"/> <input type="checkbox"/> FLYER/BROCHURE MAGAZINE <input type="checkbox"/> <input type="checkbox"/> OTHER	Subtotal Column 3		A	Subtotal Column 5 <div style="border: 1px solid black; width: 100px; height: 40px; margin-top: 10px;"></div> <p>Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.</p> <p>SEE EXAMPLE ON REVERSE</p>
	SHIPPING CHOICE Regular Mail <input type="checkbox"/> Courier <input type="checkbox"/>	ADD Shipping & Handling	B	
	Subtotal (Add A + B)		C	
U.S. AND INTERNATIONAL ORDERS Please pay subtotal C in U.S. Funds (do not add GST or PST)	Registration #100756428	ADD GST (7% of subtotal C)	D	
	Subtotal (Add C + D)		E	
	Quebec residents add PST (6.5% of Subtotal E)		F	
	Total (Add E + F)		G	

Shipping and Handling Charges

Points	Canada Regular Rates	Canada Courier Rates	U.S. Regular Air Rates	U.S. Courier Rates	International Regular Air Rates	International Courier Rates	Europe Courier Rates
1	2.55	5.00	5.00	11.00	7.00	24.00	19.00
2	3.65	8.00	6.50	14.00	9.00	30.00	25.00
3 to 5	5.80	11.07	8.11	30.75	12.18	63.75	47.75
6 to 10	6.18	11.07	12.46	34.75	20.61	88.75	55.75
11 to 20	6.43	12.35	18.08	42.75	38.77	118.75	71.75
21 to 40	6.94	14.90	23.81	58.75	64.65	193.75	103.75
41 to 60	7.44	17.62	29.48	74.75	68.12	253.75	129.75
61 to 80	7.95	20.51	35.15	90.75	117.36	313.75	149.75
81 to 100	8.45	23.35	40.92	106.75	146.60	373.75	169.75
101 to 120	8.96	26.20	46.59	120.75	166.71	433.75	189.75
121 to 140	9.46	29.05	52.31	134.75	184.72	493.75	209.75
141 to 160	9.97	31.90	58.00	148.75	207.45	553.75	229.75
161 to 180	10.47	34.75	63.71	162.75	228.92	613.75	249.75
181 to 200	10.98	35.60	69.38	176.75	250.29	658.75	269.75
201 to 220	11.48	40.45	75.05	190.75	N/A	718.75	289.75
221 to 240	11.99	43.30	80.72	204.75	N/A	778.75	309.75
241 to 260	12.49	46.15	86.49	218.75	N/A	838.75	329.75
261 to 280	13.00	49.00	92.21	232.75	N/A	901.75	349.75
281 to 300	13.50	51.85	97.88	246.75	N/A	958.75	369.75
Estimated Delivery times	2-3 weeks	5-10 days	2-3 weeks	5-10 days	4-8 weeks	12 days	12 days

Prices Subject to Change

CMHC Return Policy

We will replace damaged materials and correct shipping errors if we are notified within thirty days after you receive your shipment. If an item is not defective or not mistakenly shipped, then it must be returned by you at your cost within thirty days of receipt. It must arrive here in resaleable condition for you to receive credit.

International Note: Most international return shipments arrive damaged. If you received damaged items, contact CMHC at (613) 748-2969. Please do NOT return the damaged items unless we ask.

Example: To complete order form and determine shipping and handling charges

ORDER NUMBER	REPORT TITLE <small>Please be sure the order number and report title match the listing</small>	1 QTY	2 ITEM AMOUNT \$	3 TOTAL AMOUNT <small>1 x 2</small>	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS <small>1 x 4</small>
NHA 8003	Brazil	1	35.-	35.-	3	3
NHA 8009	Western Europe	2	23.-	46.-	3	6
					3	
					3	
SOURCE <small>(How did you hear about the product?)</small>		Subtotal Column 3 A 81.-			Subtotal Column 5 9	
TV AD <input type="checkbox"/> CATALOGUE NEWSPAPER <input type="checkbox"/> FLYER/BROCHURE MAGAZINE <input type="checkbox"/> OTHER		SHIPPING CHOICE Regular Mail <input checked="" type="checkbox"/> Courier <input type="checkbox"/> ADD Shipping & Handling B 6.18			Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.	
		Subtotal (Add A + B) C 87.18				
		Registration #100756428 ADD GST (7% of subtotal C) D 6.10				
		Subtotal (Add C + D) E 93.28				
		Quebec residents add PST (6.5% of Subtotal E) F -				
U.S. AND INTERNATIONAL ORDERS <small>Please pay subtotal C in U.S. Funds (do not add GST or PST)</small>		Total (Add E + F) G 93.28				

CMHC's Housing Export Opportunities series contains up-to-date, relevant information on foreign housing markets for the Canadian Housing industry. Our country reports provide you with the market research and analysis you need to make the right business decisions about today's most dynamic offshore housing markets.

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